

DIVISION OF ACCOUNTS AND REPORTS POLICY AND PROCEDURE MANUAL

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Filing Number 14,002

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SUBJECT

Fiscal Year Closing of Obligations

PURPOSE

To establish guidelines that apply to fiscal year closing.

AUTHORITATIVE REFERENCE

K.S.A. 75-3002

K.S.A. 75-3728

GENERAL INFORMATION

Deadline For Processing June 30 Receipts and Expenditures

Historically, fiscal year records have remained open through the second Monday in July. This is to allow for the processing of all vouchers and other documents for items or services received by the state agencies prior to July 1 and the recording of receipts received or collected by the agency on or before June 30. Every effort should be made by each state agency to pay outstanding obligations prior to June 30. Upon receipt of a vendor's invoice and the satisfactory delivery to the agency of goods and services, payment vouchers should be forwarded promptly to the Division of Accounts and Reports for processing or processed in accordance with the agency's delegated audit authority. *Payment vouchers should not be accumulated in the agency, but should be processed on a daily basis.*

In general, the cutoff time for submitting June business documents to the Division of Accounts and Reports is 5:00 p.m. on the second Monday in July for those documents to be considered June business. If this date results in less than eight business days, the deadline may be extended. Any exceptions to this cutoff time will be included in the annual year-end Informational Circular issued by the Division of Accounts and Reports in April of each year. Any agency payment vouchers chargeable against the fiscal year being closed and submitted by the cutoff time listed in the annual year-end Informational Circular, should not be included on the list of outstanding obligations as of June 30.

Deadline for Obligating Fiscal Year Funds

The Division of Purchases advises the agencies of the deadline date for submitting Purchase Requisitions and Contract Cover Sheets to that office for obligating current fiscal year funds.

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Real Estate Lease Cover Sheets for a payment period starting on or before June 30 must be encumbered prior to the close of the old fiscal year.

Local orders, contracts, etc., (which do not require the *approval* of the Division of Purchases) must have been made prior to June 30 to be recognized as firm orders, formal agreements, and contracts for goods and services for obligating current fiscal year funds. Guidelines for the preparation and use of Forms DA-118 (List of Outstanding Obligations) and DA-119 (List of Outstanding Obligations – Detail) are found in Policy and Procedure Manual Filing 14,003.

Status of Vouchers Received After Deadline

All vouchers submitted for payment after the established deadline will be considered as July transactions. Obligations chargeable against prior fiscal year funds must have been included on one of the following types of encumbrance documents in order to be routinely processed for payment:

- List of Outstanding Obligations (DA-118);
- Purchase Order Voucher (DA-101);
- Contract Cover Sheet (DA-146);
- Real Estate Lease Cover Sheet (DA-47); or
- Encumbrance Authorization or Adjustment (DA-107).

However, limited authority exists for agencies to process obligations that were not appropriately encumbered at year-end. Those procedures are set forth in Policy and Procedure Manual Filing 11,966.

Receipts Deadline

As soon as cash received on or before June 30 can be balanced, a Receipt Voucher should be prepared in the State of Kansas Interactive Internet Interfund System (SOKI³⁺) and released to the State Treasurer's Office for processing. Receipts collected on, or before, June 30 should be deposited with the State Treasurer on or before 3:00 p.m. on the date stated in the annual year-end Informational Circular.

Do not include receipts collected *after June 30* with receipts collected on or before June 30. Separate vouchers for receipts deposited to the fiscal year being closed should be initiated in SOKI³⁺ and submitted separately from receipt vouchers for deposits to the new fiscal year. During the concurrent processing period, as defined in the annual year-end Informational

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Circular, select the appropriate BFY for the document at the bottom of the SOKI³⁺ “Manual Receipt Voucher Initiation” screen.

Fiscal Year Determination for Expenditure Transactions

During the concurrent processing period, batched vouchers to be charged to the old fiscal year and batched vouchers to be charged to the new fiscal year must be clearly marked with the fiscal year and submitted separately.

Listed below are guidelines for determination of the appropriate fiscal year to charge agency obligations. Those denoted with an “*” possibly are, or should be, encumbered on a Real Estate Lease Cover Sheet (DA-47), Contract Cover Sheet (DA-146) or Purchase Order Voucher (DA-101). Items encumbered on one of these documents should not be included on the List of Outstanding Obligations (DA-118).

Salaries and Wages - Fiscal year is determined by the date the payment is made (pay date).

Postage - Vouchers received by the Division of Accounts and Reports after 5:00 p.m. on June 30 will be considered new year business and must be charged to the new fiscal year.

Telephone/Copiers -

Service and toll calls/copies combined - fiscal year is determined by the beginning date of the service/billing period for the base service portion of the bill.

Service only - fiscal year is determined by the beginning date of the service/billing period.

Toll calls/copies only - fiscal year is determined by the ending date of the service/billing period.

Utilities - Fiscal year is determined by the ending date of service.

Rental of Space in Buildings and Lease of Land * - Fiscal year is determined by the beginning date of the time period covered by the payment. Payments must be made in accordance with the payment terms of the lease agreement.

Rental of Equipment * - Fiscal year is determined by the ending date of the agreement. Payments must be made in accordance with the payment terms of the agreement. In special instances (e.g., postage meters) in which advance payments are required by the lease

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agreement, the payment date specified by the agreement will determine the fiscal year to be charged.

Repairing and Servicing of Buildings and Equipment * - Fiscal year is determined by the completion date of the job. Repair and remodeling projects may be encumbered based on the beginning date of the project.

Maintenance or Service Contracts * - Fiscal year is determined by the commencement date of the time period covered by the payment. Payments must be made in accordance with the payment terms of the contract agreement.

Travel - Fiscal year is determined by the date that the segment of travel took place. In cases of consecutive travel that begins in the old fiscal year and ends in the new fiscal year, the entire cost may be charged to the new fiscal year.

*Tuition* - Fiscal year is determined by the beginning date of the class.

*Dues, Memberships and Subscriptions* - Fiscal year determination is the beginning date of the membership or subscription period.

Professional Services * - Fiscal year is determined by the date that the services were rendered.

*Other Contractual Services* * - Fiscal year is determined by the date that the services were provided.

Credit Card Purchases:

Business Travel Accounts (BTAs) -

Generally the rules on travel (as listed above) apply to the purchase of airline or rail tickets, except if an airline or rail ticket for travel in the new fiscal year must be purchased *and* the transaction is included on a statement due and paid prior to the time the new fiscal year funds are available, the expenditure may be charged against old fiscal year funds.

Business Procurement Cards (BPCs):

All purchases posted to cardholder accounts on the June BPC statement will be considered old Fiscal Year business.

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Purchases posted to BPC accounts after the June BPC statement cutoff date (fifteenth workday) through June 30 may be considered to be either old or new Fiscal Year business, at the agency's option. For example, if your agency is using the BPC for purchases from open-end contracts that exceed \$2,000 and these purchases have a significant budgetary impact, you may decide to encumber those transactions as old Fiscal Year business or pay as old Fiscal Year business prior to the year-end close.

If a listing of this activity for this period between the statement date and June 30 would be helpful, your agency's BPC coordinator can contact UMB and make arrangements for delivery of this information.

Other:

Fiscal year is determined by the date the purchase is made.

Commodities and Capital Outlay - Fiscal year is determined by the date that the order is placed. However, orders for consumable or perishable goods that must be ordered prior to June 30 for delivery after that date may be charged to the subsequent fiscal year. In these cases, the voucher should clearly indicate that the order was for delivery in the subsequent fiscal year. Building projects may be encumbered based on the beginning date of the project.

Imprest Funds

"Check" expenditures from locally held imprest funds dated on or before June 30 should be submitted for reimbursement as provided in Policy and Procedure Manual Filing 10,802 prior to the deadline for payment voucher submission. Expenditures applicable to the period after June 30 should be submitted separately from those pertaining to the period (separate from expenditures applicable to the period after June 30) so that charges pertaining to the two accounting periods will not be commingled on the same document. Fiscal year determination for imprest fund expenditures is the same as for "Expenditures" listed above.

The imprest fund *should be intact* as of June 30, as required by K.S.A. 75-3073. Agencies using imprest funds should submit a reimbursement voucher, including the reconciliation, prior to the closing of the fiscal year.

In cases where travel advances have been made and the traveler is outside the continental United States on June 30, *and an accounting of such expenditures has not been made*, the imprest fund may not be intact June 30. In these cases, the estimated travel cost incurred prior to June 30 should be included in the List of Outstanding Obligations (DA-118).

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Petty Cash

Petty cash procedures are the same as those set forth in the Imprest Fund Section above. Reimbursement procedures that apply to petty cash funds are set forth in Policy and Procedures Manual Filing 10,752.

Inter-Agency and Intra-Agency Transactions

State agencies who have purchased commodities or received services from another state agency on or before June 30, should complete a SOKI³⁺ interfund prior to the close of the old year business. If it is not possible to complete the SOKI³⁺ interfund, then the transaction should be included on the List of Outstanding Obligations (DA-118). Criteria for fiscal year determination for Inter/Intra Agency transactions are the same as those listed above for other expenditures.

Deadlines relating to interfund documents processing through SOKI³⁺ are addressed in the annual year-end Informational Circular. Expenditure transactions for the old fiscal year which are *not* included in the final SOKI³⁺ upload should be included on the List of Outstanding Obligations (DA-118). Interfund receipt transactions for the old fiscal year which are *not* included in the last SOKI³⁺ upload for the old fiscal year must be corrected to the new fiscal year before the interfund transaction can be released and approved by the Audit Services Team after the concurrent processing period ends.

Journal Vouchers

State agencies who need to make a journal voucher adjustment to a STARS transaction occurring in the old fiscal year should complete a SOKI³⁺ journal voucher prior to the close of the old year business. When initiating a manual journal voucher in SOKI³⁺ during the concurrent processing period, as defined in the annual year-end Informational Circular, select the appropriate BFY for the document at the bottom of the "Manual Journal Voucher Initiation" screen. Deadlines relating to journal voucher documents processing through SOKI³⁺ are addressed in the annual year-end Informational Circular.

PROCEDURES

None

CONTACT SOURCES

Division of Accounts and Reports

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Central Accounting Services Section
Audit Services Team